



Department of Justice

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**OHIO FOOD SERVICE CONTRACTORS AGREE TO DISSOLVE JOINT VENTURE
THAT INFLATED PRICES FOR HEAD START MEAL PROGRAM**

WASHINGTON, D.C. -- Two Ohio food service contractors today agreed to dissolve a joint venture that had ended competition between the only two companies bidding to provide lunches for children enrolled in the Cleveland Head Start program. When the joint venture went into effect, lunch prices rose by more than 50 percent.

The two companies, Tom Paige Catering Co. Inc. of Cleveland and Valley Foods Inc. of Youngstown, sell and deliver prepared meals to governmental programs and entities in northeastern Ohio.

The proposed settlement, filed today by the Justice Department's Antitrust Division in U.S. District Court in Cleveland, requires the two companies to dissolve their joint venture. It also prohibits similar activities, either between Valley and Paige or involving one or both of them and other food service contractors, that would result in similar restraints on competition. The companies must also put measures in place to ensure that their employees comply with the settlement.

According to a lawsuit the Department filed along with the settlement, beginning in 1994, Paige and Valley Foods established a joint venture designed to illegally eliminate competition between them for bids on food service contracts with the Cleveland Head Start Program.

Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, said, "After the defendants began working together, lunch prices for Head Start rose by more than half. Head Start had to divert moneys from elsewhere to cover some of these costs, depriving the program of funds it needed for its other work with needy children. Head Start should not have to pay prices inflated by anticompetitive conduct."

Head Start is funded by the United States government. The program provides comprehensive developmental services for low-income, pre-school children ages three to five as well as social services for their families. Cleveland Head Start contracts with vendors for lunches to be distributed by Head Start free to underprivileged children participating in its programs.

According to the Department, immediately prior to their forming a joint venture in April 1994, Paige and Valley were the only companies bidding on food service contracts offered by Cleveland Head Start. Their joint venture ended competition for these bids. As a result, taxpayers were deprived of free and open competition in the sale of food contracting services to Cleveland Head Start.

As required by the Antitrust Procedures and Penalties Act, the proposed settlement, along with the Department's competitive impact statement, will be published in the Federal Register. Any person may submit comments on the proposed decree within 60 days to William J. Oberdick, Acting Chief, Great Lakes Field Office, Antitrust Division, Department of Justice, Plaza 9 Building, 55

Erievue Plaza, Suite 700, Cleveland, Ohio 44114. At the conclusion of the comment period, the court may enter the final judgment upon finding, following review of the comments received, that it serves the public interest.

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